



## **OVERVIEW OF IDAHO'S FINANCIAL INCENTIVES AND TAX CREDITS**

### INCENTIVE PACKAGES:

#### **THE IDAHO CORPORATE ADVANTAGE**

Large companies that relocate headquarters or invest in a major administrative expansion in Idaho will benefit from this package.

Qualifying companies receive a 6 percent tax credit up to \$5 million in any one year and an enhanced new jobs tax credit starting at \$1,500 and climbing to \$3,000 per job depending on salary levels. A 10 percent real property improvement tax credit of up to \$500,000 in any one year is also available along with temporary property tax rebate for new headquarters and administrative buildings of up to \$2 million a year. Companies also qualify for a rebate of all sales taxes paid on materials used in the construction of new buildings.

#### **THE IDAHO BUSINESS ADVANTAGE**

Available for smaller businesses making a minimum \$500,000 investment in new plant and facilities and creating at least 10 new jobs paying above \$40,000 annually plus benefits.

Qualifying companies receive an enhanced Investment Tax Credit of 3.75 percent up to \$750,000 in any one year, a new jobs tax credit starting at \$1,500 and climbing to \$3,000 per job, a 2.5 percent real property improvement tax credit up to \$125,000 in any one year along with a 25 percent rebate on sales tax paid on construction materials for the new plant.

### TAX CREDITS:

#### **3% INVESTMENT TAX CREDIT**

This credit is available for qualifying new investments in Idaho. It can offset up to 50 percent of your state income tax liability and may be carried forward up to 14 years. Qualifying property is new or used depreciable property as defined in Internal Revenue Code Sections 46(c) and 48.

#### **\$1000 NEW JOBS INCOME TAX CREDIT**

This credit is available to any business adding new employees at \$15.50 an hour or more and who are eligible to receive employer provided coverage under an accident or health plan.

#### **\$500 NEW JOBS INCOME TAX CREDIT**

Businesses that produce, assemble, fabricate, manufacture or process natural resource products qualify but cannot combine this credit with the \$1000 new jobs tax credit.

### **5% RESEARCH AND DEVELOPMENT INCOME TAX CREDIT**

The cost of basic and qualified research performed in Idaho qualifies for this credit, which is transferable.

### **3% BROADBAND TELECOM TAX CREDIT**

An additional 3 percent investment tax credit of up to \$750,000 in any one year on Idaho state income tax is allowed for qualified broadband equipment used primarily to provide services to public subscribers in Idaho. The credit is transferable.

### **NET OPERATING LOSS DEDUCTIONS**

Losses up to \$100,000 per tax year can be carried back for two years on taxable income amounts. If not absorbed in two years, the remaining losses may be carried forward for up to 20 years, or a taxpayer may choose instead to carry a loss forward only, not to exceed 20 years.

## **TAX EMEMPTIONS**

### **BUSINESS INVENTORY**

Business inventories are exempt from all taxation within the state.

### **GOOD'S IN-TRANSIT**

The state's free port law provides that goods in-transit (goods purchased by a carrier in its business and delivered outside the state under a bill of lading for use by the carrier in its business) is exempt from all taxation.

### **PROPERTY TAX EXEMPTIONS**

- Business inventories
- Livestock
- Goods temporarily stored in Idaho for shipment elsewhere
- Required pollution control equipment
- Household belongings and clothing, and
- Registered motor vehicles, vessels and aircraft.

Partially exempt: improvements on residential property, farms.

### **SALES & USE TAX EXEMPTIONS**

- Equipment and materials used directly or consumed in manufacturing, processing, mining, logging operations or producing fabricated property
- Clean rooms used in semiconductor and semiconductor equipment manufacturing, any equipment or material used in research and development activities,
- Goods purchased by a carrier in its business and delivered outside Idaho,
- Certain containers for packaging,
- Delivered utilities including water, electricity, natural gas, heating fuel, and industrial fuels,
- Required pollution control equipment.

### **TAX CAP ON PROPERTY VALUES EXCEEDING \$800 MILLION**

Companies with property in a single county valued over \$800 million are exempt from paying property taxes on the excess value if they make a yearly capital investment of at least \$25 million in the county and employ a minimum of 1,500 full-time employees in the county.

## WORKFORCE PROGRAMS:

### UP TO \$2000 NEW EMPLOYEE TRAINING REIMBURSEMENT

Idaho's Workforce Development Training Fund (WDTF) provides reimbursement money to qualifying businesses for worker training based on job creation. Training costs are reimbursed for each new job paying \$12 an hour or more plus benefits. Up to \$3000 reimbursement per new job is allowed in select rural counties.

### CUSTOMIZED RECRUITING SERVICES

Employers get one-on-one professional guidance in managing the recruitment process. Experienced consultants can visit your work site to identify needs and then effectively match employee prospects to the skills, training and experience required to fill your jobs. Idaho employers can also take advantage of free listings on Commerce & Labors website.

### CUSTOMIZED WORK FORCE TRAINING

Idaho supports education and training programs to help provide skilled, productive workers for your company. Training can be tailored to specific company needs and designed to develop skill sets for precise job requirements. Financial reimbursement is available to eligible companies to cover the cost of training new employees or retaining those facing permanent layoff.

### WORKFORCE TRAINING NETWORK

This network coordinates delivery of statewide-customized training to meet the needs of Idaho's employers and citizens. All programs are provided in a flexible, professional environment and can be tailored to specific criteria and delivered to fit a company's needs.

### IDAHO BUSINESS NETWORK (IBN)

Idaho's Procurement Technical Assistance Center (PTAC). IBN matches the purchasing needs of federal and state agencies with the products and services of Idaho companies. In addition, it provides technical assistance in completing bid documents, offers seminars on evolving procurement practices and hosts the Governor's Business Opportunity Conference that puts Idaho companies face-to-face with purchasing professionals from government agencies and large corporations. Annually, Idaho businesses average over \$100 million in federal and state contracts by taking advantage of the Idaho Business Network.

### EXPORT ASSISTANCE

The International Trade Division offers export counseling, seminars and marketing resources to Idaho companies. Marketing opportunities via catalogs, trade shows and trade missions are provided at a nominal fee. Idaho trade representatives in Mexico, China, Taiwan, Korea, India and Japan assist companies by finding business opportunities, distributors and projects. A partnership with the U.S. Commercial Service provides worldwide resources and assistance.

### TECHHELP

TechHelp is an organization uniquely positioned to help Idaho manufacturers become more competitive. Lean manufacturing, human performance, quality systems, product development and information technology are all areas in which TechHelp assists Idaho companies.

### SMALL BUSINESS DEVELOPMENT CENTERS (SBDC)

The centers deliver up-to-date counseling, training and technical assistance in all aspects of small business management to help small business owners and potential business owners make sound decisions that enable them to succeed.

## TECHCONNECT

TechConnect staff act as project managers to access the resources necessary for businesses to commercialize private, university and governmental technologies.

## GRANTS:

*State-sponsored programs and federal grants are earmarked to help Idaho communities and counties with infrastructure improvements that encourage business expansion and strengthen the local economy.*

### UP TO \$500,000 IN COMMUNITY BLOCK GRANTS

Grants are available to local cities and counties to finance public infrastructure improvements that support business development or,

### UP TO \$500,000 IN RURAL DEVELOPMENT GRANTS

Grants are available to communities in rural Idaho to facilitate business development, expansion or relocation.

### UP TO \$50,000 IN GEM IMPLEMENTATION GRANTS

Grants are available to any community in Idaho with a population under 10,000 for projects that create assets with a high certainty of aiding job creation and job retention.

## TAX INCREMENT FINANCING (TIF)

TIF financing allows cities to create special districts and make public improvements within those districts that will generate private-sector development. During the development period, the tax base is frozen at the predevelopment level. Property taxes continue to be paid, but taxes derived from the increases in assessed values (the tax increment) resulting from new development either go into a special fund created to retire bonds issued to originate the development, or leverage future growth in the district.

## UP TO \$10 MILLION IN INDUSTRIAL REVENUE BONDING

Tax-free bonds to finance manufacturing, processing, production and assembly projects are issued by a local industrial development corporation and hence, are a form of municipal bonds. The proceeds of the bond issue are loaned to businesses to finance capital investment projects and the company or organization that uses the facility provides the interest and principal payments on the loan. The project or business serves as collateral and the local government is simply in partnership with industry lending its name but not its credit.

## ECONOMIC DEVELOPMENT ADMINISTRATION GRANTS

EDA grants are available from the US Economic Development Administration to underwrite the cost of planning and construction of industrial or commercial site development in communities. Loans up to \$10,000 may be granted for each new job created. Information on these federal grants can be found at US Housing and Urban Development Department (HUD)

## IDAHO PRIME LOAN PROGRAM

Low-interest loans are offered for any purpose to qualifying small businesses by commercial banks and have up to 85 percent Small Business Administration guaranty.